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Globalization of production: the role of supply chain best practices

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Abstract

With an annual turnover of around DKK 607 billion (Statistics Denmark, 2012), manufacturing plays an important role in the Danish economy. However, Danish manufacturing is facing large and drastic challenges coming from, amongst others, increasing *international sourcing*. Considering mainly cost benefits and ease of access to emerging global markets, it becomes imperative for Danish manufacturing companies to outsource their production activities (sales, sourcing, manufacturing and new product development) to, for example, new EU member states (e.g. Czech Republic, Hungary, the Baltic states), China and India. In order to globalize successfully, it is not only important to offshore production and production-related activities, but it is equally important to have an appropriate infrastructure in the form of, amongst others, a supporting and complementing supply chain/network, in place. Considering the inherent relationship between production and supply chain processes to achieve the overall business objective of an organization, this research aims to investigate, and develop theory underpinning, the following proposition and, based on that, generate, test and disseminate industrial “best practices”.

Consistency between production globalization motives and efforts (reflected in supply chain action programs) is positively associated with production globalization success.

There is extensive academic literature on the evolution of intra-firm production networks as well as inter-firm supply chain and networks. However, there is lack of knowledge regarding the simultaneous development of production globalization (in terms of activities such as global sales, sourcing, manufacturing and new product development), and corresponding supply chain practices. This research is designed to address this gap in the literature, and develop a more detailed understanding of the relationship between global production activities, supply chain action programs and globalization efforts, respectively, which can be equally beneficial for the academic community, as well as industrial production and supply chain managers.

Keywords: Global Production, Offshoring, Outsourcing, Supply Chain Action Programs